

HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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New Jobless Claims Remain Above 400,000 for Fourteenth Consecutive Week

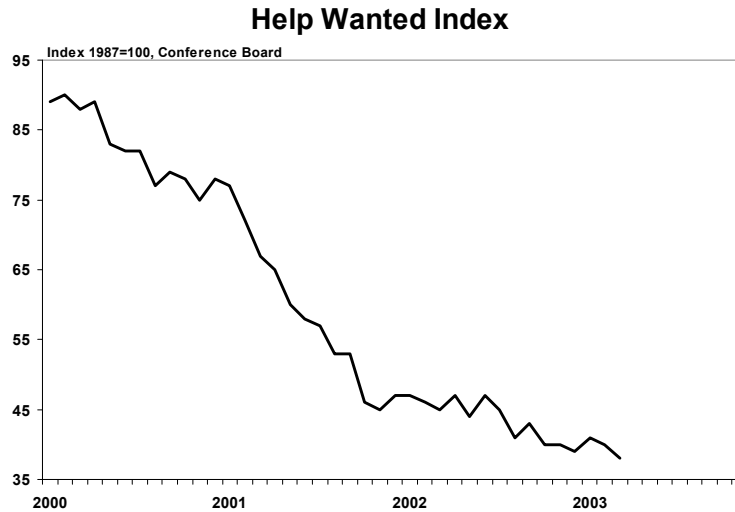
Dear Democratic Colleague:

The pace of job loss remains high. For the fourteenth consecutive week, initial claims for unemployment insurance exceeded 400,000 per week — a level many economists believe signals a deteriorating job market. The most recent weekly figure for new jobless claims may have been boosted a bit by job disruptions due to Midwest tornadoes, but it is clear that the underlying pace of job loss remains high.

New Weekly Claims for U. I.



Meanwhile, help-wanted advertising stands at its lowest level in almost 40 years, indicating that workers losing their jobs face grim prospects of finding new ones. The combination of significant job loss and weak hiring suggests that employment data for May (due out on June 6) may well show that the economy shed more jobs this month. Any further job losses would come on top of more than half a million private-sector jobs eliminated over just the last three months.



Abundant evidence has existed for weeks that workers losing their jobs confront daunting obstacles finding new ones. Yet, Congressional Republicans have been too pre-occupied to extend unemployment insurance benefits for working families.

The current program of extended unemployment benefits expires in nine days and should be expanded to account for the bleak outlook facing Americans looking for work. In past recessions, Congress routinely renewed such programs until the economy demonstrated a sustained recovery. The current job market shares similarities with that of the early 1990s. During that recession, Congress provided 20 to 26 weeks of extended benefits, compared with just 13 weeks provided by the current program.

By the end of August, an estimated 1.8 million workers will have exhausted their 13 weeks of extended benefits under the current program but remain unemployed. This fact suggests that 13 weeks of extended benefits is inadequate given the continued shortage of jobs.

House Republicans indicate they will bring a bill to the floor today to renew the current extended-benefit program for another six months. However, Republicans refuse to improve the program to close gaps in coverage, and they will not allow Democrats to offer an amendment that provides 26 weeks of benefits to workers. The Democratic amendment also helps states improve coverage of low-wage earners and part-time workers, who pay unemployment taxes but often fail to qualify for benefits upon losing their jobs.

Renewing and expanding extended unemployment insurance should be a critical priority for the Congress.

Sincerely,

/s/

John M. Spratt, Jr.

Ranking Democratic Member